

The Enabling Goal

Create an environment that fosters the delivery of One VA world-class service to veterans and their families through effective communication and management of people, technology, and governance

Secretary Priority: *Apply sound business principles and ensure accountability for performance standards.*

VA's enabling goal is different from our four strategic goals. This goal and its corresponding objectives represent crosscutting activities that enable all organizational elements to carry out the Department's mission. VA's functions and activities focus on improving communication, enhancing the work force assets and internal processes, and furthering an integrated Department approach to providing service to veterans and their families. As such, many of these functions and activities are not apparent to veterans and their families. However, they are critical to our stakeholders and VA managers and employees who implement our programs.

Although no key performance measures are associated with the enabling goal, there are a wide variety of activities under this goal that will enable us to provide high quality service to our veterans:

- Enhancing accountability for performance
- Enterprise Architecture
- Information security program
- Program evaluation
- Budget account restructuring
- Capital asset management

Enhancing Accountability for Performance

Enabling Goal: Create an environment that fosters the delivery of *One VA* world-class service to veterans and their families through effective communication and management of people, technology, and governance.

Secretary Priority: Apply sound business principles and ensure accountability for performance standards.

Discussion

VA's performance depends on the contributions of each employee. Therefore, VA is working toward developing more effective accountability systems for programs and for individuals to ensure day-to-day activities remain focused on achieving the Department's strategic goals.

For VA to hold programs and individuals accountable for results and to be successful, we must ensure that:

- performance objectives are clearly stated and effective strategies for achieving those objectives are identified;
- progress against those objectives is regularly measured and reported, and variances acted upon;
- performance is used to manage the organization;
- appropriate recognition, rewards, and incentives are used.

At the Departmental level, the focus has been on the development of a planned, systematic approach to address VA's management and performance agenda, consistent with the President's management agenda to ensure greater accountability for performance. To achieve this objective, Department executives approved the implementation of a new strategic management process that establishes a VA Executive Board (VAEB), a Strategic Management Council (SMC), and six strategic management process groups that oversee the planning and operations of VA's major crosscutting management processes. Major policy and management issues will be vetted in an integrated Departmental forum through the VAEB and SMC prior to being forwarded to the Secretary for decision. These changes will result in a fully integrated strategic management process, binding strategic and performance planning, budget formulation, legislative program development, and program/budget execution.

To further clarify and communicate performance objectives, VA has developed the *Department of Veterans Affairs Strategic Plan for Employees*. The Plan was distributed to all employees in the summer of 2001 and is intended to succinctly communicate to all employees the Department's philosophy and strategic framework, including VA's mission, vision, values, strategic goals, objectives, and performance measures and targets. The *VA Strategic Plan for Employees* serves as a tool for managers and employees at all levels to determine

how their work contributes to the accomplishment of the overall mission of the Department. Managers and employees are encouraged to use this document in the development of individual performance plans to enhance accountability for results.

Employee attitudes and behaviors are important drivers of organizational outcomes such as customer satisfaction, quality, and costs. To assess and improve employee satisfaction, VA administers the VA Employee Survey, determining where opportunities for improvement exist, and developing and implementing integrated improvement plans around these opportunities. By surveying, the Department will better understand employee attitudes and will build employer-of-choice and action planning initiatives, accountability, and support for the performance targets in VA's Strategic Plan.

Veterans Health Administration

VHA annually develops a 5-year strategic plan for the provision of care to eligible veterans through coordinated networks of medical facilities operating within prescribed geographic service-delivery areas. Such plans include provision of services for the specialized treatment and rehabilitative needs of disabled and/or poor veterans.

VHA's strategic planning process integrates the Six for 2007 goals, with their associated strategies and strategic targets, into the daily operations of the health care system. The 22 Networks have the Six for 2007 as the framework for their planning activities as well as the structure for their strategic plans. This framework supplements VHA's comprehensive performance management system that aligns VHA's vision and mission with quantifiable goals, defines measures to track progress in meeting those goals, holds management accountable through performance agreements for achieving established strategic targets, advances quality in the context of patient-centered care while maintaining sound resource management.

Much of the information for VA's Performance Report, VA's Strategic Plan, numerous Congressional reports, and VHA performance and program analyses is derived from the annual Network Strategic Plans.

The planning process is overseen by the Strategic Planning Council (SPC), which is comprised of senior VHA leaders from the field and central office. The SPC is responsible for creating VHA's strategic planning framework, providing planning guidance, and ensuring linkage with the requirements in the Government Performance Results Act.

In the fall of FY 2003, following completion of the annual update of goals, strategies and strategic targets, central office staff will prepare the Strategic Planning Guidance for FY 2005 – 2009 to initiate the Network planning cycle. Draft guidance, approved by the SPC, will be shared with both field and central

office organizations to ensure that final guidance reflects leadership's priorities, strategic directions, and field concerns. The Networks will develop plans based on this guidance and on additional direction from the VHA offices responsible for fiscal resources, human resources, information technology, and capital assets.

This planning system enables the networks to address the unique health care needs of the local veteran population. The central office role is to provide guidance. That permits each Network to develop its own strategic plan, budget, and capital plan, all in response to the mission and services associated with the geography, customer segment, business opportunities, operating barriers and other factors specifically present in the Network.

Although they will address similar problems, the plans will be unique to each Network and will provide a vast array of actions designed to accomplish the Six for 2007 goals, strategies, and strategic objectives. Additionally, Networks may expand the scope of their strategies and resulting actions in response to unique local issues that go beyond central office's planning guidance and strategic objectives.

The final plans will be submitted to central office for review and analysis by VHA's Office of Policy and Planning and each of the Chief Officers, then provided to the Under Secretary for Health for final evaluation. Clarifications/revisions will be obtained at this time. The process will conclude with feedback from both central office and the field concerning the planning process and products, strengths and weaknesses, and recommendations for issues to be addressed in the next strategic planning cycle.

The Under Secretary for Health chartered the VHA Workforce Strategy Team and the VHA Steering Committee for Succession Planning. Both groups were chartered at the end of 2000 and assigned to develop plans for a comprehensive strategy for work force recruitment, retention, and development by the middle of FY 2001. Stakeholders reviewed the reports of both groups and work plans for implementation and deployment of the short- and long-term initiatives are being implemented with the majority of succession planning initiatives scheduled for completion in FY 2003.

The VHA Steering Committee for Succession Planning was responsible for the development of a strategic plan that will enhance the quality of the VHA staff and will promote success in their jobs. The final report laid out a plan that:

- Assessed VHA's human resource management programs against Baldrige Criteria and identified improvement actions.
- Assigned responsibility to appropriate task forces and offices to develop, design, implement, modify, and/or eliminate programs to meet Baldrige Criteria utilizing principles of VHA's High Performance Development Model to achieve or lead to achievement of the following goals:

- Facilitate the recruitment and retention of a talented, committed workforce to enable VA to meet the needs of the veteran population in future years.
- Improve the physical and psychosocial work environment of staff as measured by employee surveys through continuous feedback of results and support for improvement.
- Establish for employees and managers an incentive system that promotes outstanding service to veterans through alignment with and accountability for VHA goal attainment.
- Create an environment based on continuous learning and feedback.

The VHA Steering Committee for Succession Planning was charged with overseeing and coordinating the implementation of a succession plan for VHA. The steering committee benchmarked private and public sector organizations, assessed the current and future workforce of VHA, developed strategies and tactics to address the most critical issues, and developed policy and legislative recommendations that would assist in the administration's succession planning efforts. The plan is linked to the High Performance Development Model and include features that address workforce assessment, definition of career tracks, identification of recruitment strategies, comprehensive leadership training, employee satisfaction, identification of inducements, and incentives and staff development activities and ensures that our diversity goals will be met.

A Succession Planning Deployment work group has been established to oversee the implementation of the recommendations of both committees and multiple succession planning related projects are well underway.

Veterans Benefits Administration

VBA has continued to strengthen its use of a balanced scorecard of performance measures. VBA's balanced scorecard contains the major service delivery performance measures: the speed of claims processing, accuracy, customer satisfaction, unit cost, and employee development. These are measures that mean the most to the veterans we serve, our stakeholders and our employees. Scorecards have been developed for each VBA business line (compensation and pension, education, loan guaranty, vocational rehabilitation and employment, and insurance) to track national performance. In addition, scorecards have been developed for each of the Regional Offices (RO) that roll up to the national level, to ensure a consistent "line of sight" throughout the organization.

To support the performance measurement process, VBA has established an automated Balanced Scorecard, available to all employees via the Intranet. In addition to the actual scorecard for each entity, all supporting data are also available from the same Web site, to provide the capability for in-depth analysis,

trending, and performance management. VBA deploys its Balanced Scorecard as its strategic management system and reports results at both the operational and strategic levels.

VBA has integrated balanced scorecard performance into the executive appraisal system. Each Regional Officer Director is assessed on the percentage of accomplishment in achieving balanced scorecard targets. The assessment is based on the combined weighted achievement of national and RO targeted scores.

An element of the VBA strategy for enhancing accountability is the creation of national performance standards for those who process compensation and pension (C&P) claims. For the first time, all claims processors will have the same performance standards. VBA believes that these standards will assure that all offices address workload and performance issues in a similar manner. Closely related to this is the development of the Systematic Individual Performance Assessment (SIPA). This new tool, which will be tested during FY 2003, will improve the quality of the claims processed by focusing on the quality of work being done by each claims processor. SIPA will measure individual quality and identify training needs. Local management will be able to provide necessary training or take appropriate action to improve the quality of VBA's C&P decision-makers. Both of these initiatives enhance individual accountability within VBA.

National Cemetery Administration

The National Cemetery Administration (NCA) employs a strategic planning model that ensures that strategic goals are linked throughout the organization. Strategic goals are consistent at the national, Memorial Service Network, and cemetery levels. Measurable progress toward meeting NCA's strategic objectives is reported on a regular basis and communicated to all top-level managers. In addition, NCA has developed and is using consistent performance standards for all cemetery directors that are linked to NCA's strategic goals. These performance standards address specific accountability in the areas of customer service and stewardship, employee and self-development, and cemetery operations.

Enterprise Architecture

Enabling Goal: Create an environment that fosters the delivery of *One-VA* world-class service to veterans and their families by applying sound business principles that result in effective communication and management of people, technology, and governance.

Secretary Priority: Apply sound business principles and ensure accountability for performance standards.

Discussion

The mission of VA's Enterprise Architecture initiative is to develop and implement an evolutionary, high-performance *One-VA* information technology architecture that is aligned with our program/business goals and enables data integration across the enterprise. VA's Enterprise Architecture will enable us to provide an accessible source of consistent, reliable, accurate, useful, and secure information and knowledge to veterans and their families, our workforce, and stakeholders; to support effective delivery of services and benefits, enabling effective decision-making and understanding of our capabilities and accomplishments. The Enterprise Architecture will support VA's overall strategic goals.

Approach

The Office of the VA Chief Information Officer (VA CIO) is the implementing agent of the Secretary's strategic objective to establish an Enterprise Architecture at the *One-VA* level. This initiative is also driven by a congressional mandate for all agency Chief Information Officers to develop, maintain and facilitate an integrated systems architecture, which was established with the passage of the Clinger-Cohen Act in 1996.

The Enterprise Architecture will drive and support VA's mission by:

- enhancing VA's delivery of service to veterans;
- eliminating the development of redundant or duplicated systems across service divisions;
- improving information technology accountability and cost containment;
- ensuring that the developing information technology asset base is built upon widely accepted industry standards and best practices.

The Enterprise Architecture will provide great latitude to VA system planners, in process and product selection, but it will impose a centralized, system life cycle governance process upon all IT development. This governance will integrate with:

- established VA-wide Capital Investment Planning;

- evolving VA Security Management policy;
- emerging VA Configuration Management processes.

The Enterprise Architecture will ensure that VA's IT development is aligned with and measured by its service to veterans and its support of VA business practices.

The development and governance of the enterprise architecture is a living, evolving process, which requires continuous review to measure its effectiveness in meeting stated objectives and to maintain its alignment with VA business and policy requirements.

At the onset, the VA CIO must develop:

- an architectural repository of system models and documentation in the form of a database and a supporting web-enabled application which spans the full scope of all of VA's application and IT support infrastructure;
- a configuration management database for posting, approving, scheduling and controlling changes across all of the VA IT infrastructure;
- a common object definition repository for posting, negotiating, approving and sharing data definitions across all VA application development initiatives, in order to facilitate the development of interoperable systems.

The Office of the VA CIO is also responsible for:

- developing a modeling and analysis methodology for new IT initiatives;
- maintaining an inventory of all existing applications and infrastructure subsystems;
- assisting developers in building and using models within the architecture;
- performing the necessary review and analysis to assure that new initiatives are in compliance with the architecture and are aligned with the mission objectives of VA;
- assisting developers in meeting Strategic Management Council accountability requirements;
- facilitating and hosting interdepartmental review committees for IT governance, IT configuration management and technical standards approval;
- conducting a periodic review and adjustment of the Enterprise Architecture objectives (in the form of a To-Be Architecture) to ensure that they are aligned with VA business objectives.

Implementation

The 2003 budget for the enterprise architecture program, administered by the Office of the VA Chief Information Officer, will be outlined in a formal capital investment initiative for approval by the Strategic Management Council. The current estimate for 2003 is for \$11.8 million, which would support 16 FTE at various grade levels, travel, contractual services, supplies and equipment. Since the enterprise architecture is an out-of-cycle initiative, funds must be redirected from administrations and staff offices to support the FY 2002 activities.

Projects/Tasks that are currently underway or under development include the following:

- Developed the One-VA Enterprise Architecture Strategy and Implementation Plan. Plan was unanimously approved.
- Revised the Information Technology Strategic Plan, achieving alignment with Enterprise Architecture.
- Organized the Enterprise Architecture Working Group out of VA National CIO Council participants.
- Organized and developed the Information Technology Board and organized the Enterprise Architecture Committee.
- Began development of the Implementation Plan for the Office of the Chief Architect and a Users Guide for Enterprise Architecture field implementation.
- Developed and obtained approval for the FY 2003 Capital Investment Plan, Staffing Plan, and Budget for the Chief Knowledge Office/Office of the Chief Architect; including the Enterprise Architecture Service and the Database Management Service.
- Began recruitment and staffing for the Office of the Chief Architect.
- Began creation of an Enterprise Architecture Repository, development of Enterprise Architecture models, began a baseline inventory and the development of the Department of Veterans Affairs (VA) As-Is Architecture.
- Began design and development of an Integrated Information Resources Management approval database application in support of the Enterprise Architecture, Capital Investment Process and Program Management Oversight Office review processes and the Information Technology Board and Senior Management Council approval processes.
- The Office of the Chief Architect is also currently participating in major VA initiatives such as the Office of Information and Technology

Continuity of Operations/Continuity of Government planning, Command and Control Planning and Network Redesign.

VA's overall direction and schedule for implementation of the agency-wide enterprise architecture program is reflected in the document: *Enterprise Architecture: Strategy, Governance, & Implementation*. The major milestones are:

Milestones	Start		Complete	
	Planned	Actual	Planned	Actual
Submit FY 2003 Budget Request	Aug 01	Aug 01	Aug 01	Aug 01
Establish IT Board and Architect Council	Aug 01	Aug 01	Oct 01	Oct 01
Establish Implementation Team	Sep 01	Sep 01	Dec 01	Dec 01
Establish & Staff Office of Chief Architect	Sep 01		Apr 02	
Create Board of Outside Experts	Sep 01	Jun 02	Oct 01	Sep 02
Develop EA Communications/Marketing Plan	Sep 01	Sep 01	Dec 01	Dec 01
Identify & Submit Request for 2002 Funding Through Redirection	Oct 01	Oct 01	Dec 01	Nov 01

Once implemented, the Enterprise Architecture will be used to review and validate a number of proposed projects that are designed to improve service to veterans. The proposed projects are aimed at providing valid, secure information that is readily available to both veterans and staff. The projects include information security, telephone services, a registration/eligibility system, electronic records, an enterprise veteran index, and a metadata registry.

Some of these projects, such as the registration/eligibility system and the enterprise veteran index, are aimed at eliminating confusing and redundant data, while others, such as the telephone services and electronic records will make it easier to access information. Implementing these projects will require that certain VA information systems successfully integrate or exchange information in a manner that is transparent to VA customers regardless of where the information originates, how it is being transmitted, or how it is managed.

The *One-VA* Enterprise Architecture is a cross-cutting, collaborative process, which is intended to guide the operational, tactical, budget, and capital planning for future information technology initiatives Department-wide, while providing the maximum possible design latitude to the administrations and each project sponsor. Actual implementation of projects in the architecture will be staged over the next 3 to 5 years.

Information Security Program

Strategic Goal: Create an environment that fosters the delivery of *One VA* world-class service to veterans and their families by applying sound business principles that result in effective communication and management of people, technology, governance.

Secretary Priority: Apply sound business principles and ensure accountability for performance.

Discussion

The purpose of the Information Security Program is to provide services to the veteran that: 1) protect the confidentiality, integrity, and availability of their private information; 2) enable the timely, uninterrupted, and trusted nature of services provided; and 3) provide assurance that cost effective cyber security controls are in place to protect automated information systems from financial fraud, waste, and abuse.

Since 1997, when the Office of Inspector General (OIG) found that VA IT security controls constitute a “Material Weakness” under the Federal Manager Financial Integrity Act (FMFIA), scrutiny of VA systems has steadily increased. Both the OIG and the General Accounting Office (GAO) have consistently uncovered security control shortcomings resulting in a series of negative reports and comments concerning VA automated information systems.

The 1997 findings are captured in the 1998 report cited in the table below. The GAO and IG testimony in September 2000, and the GAO report in the same month are essentially “roll-ups” of all the cyber security issues observed or reported between 1997 and September 2000.

On April 4, 2001, hearings were held by the Subcommittee on Oversight and Investigations of the Committee on Veterans Affairs of the U.S. House of Representatives. Congressman Buyer, the Subcommittee Chair, cited a report from the General Accounting Office (GAO) regarding the state of IT security in VA.

Date	Type	Title
23-Sep-98	Report	Information Systems - VA Computer Control Weaknesses Increase Risk of Fraud, Misuse, and Improper Disclosure
08-Jun-99	Report	VA Information Systems - The Austin Automation Center Has Made Progress in Improving Information System Controls
04-Oct-99	Report	Information Systems - The Status of Computer Security at the Department of Veterans Affairs
11-May-00	Testimony	Information Technology - Update on VA Actions to Implement Critical Reforms
30-Jun-00	Letter	Information Security - Software Change Controls at the Department of Veterans Affairs
16-Aug-00	Report	Information Technology - VA Actions Needed to Implement Critical Reforms
08-Sep-00	Report	VA Information Systems - Computer Security Weaknesses Persist at the Veterans Health Administration
21-Sep-00	Testimony	VA Information Technology - Progress Continues Although Vulnerabilities Remain
04-Apr-01	Testimony	VA Information Technology - Important Initiatives Begun, Yet Serious Vulnerabilities Persist

Created on March 25, 2001, with the naming of an Associate Deputy Assistant Secretary (ADAS) for Cyber Security, the Office of Cyber Security (OCS) is assuming the responsibility for turning around a legacy of inattention to security requirements. OCS has an authorized staff of 18 and an operating budget of \$17.5 million.

In FY 2002, the three administrations will contribute \$21 million from base budgets to the CIO's security program for OCS funding as approved by the Strategic Management Council. For FY 2003, OCS has an authorized staff of 19 and an operating budget of \$22.2 million.

Using the central fund will afford VA the opportunity to report that many security efforts are now consistently pursued agency-wide, and in ways that realize significant economies of scale. Emphasis is on security controls that correspond to significant shared risks across the Department. A variety of contracted professional services, hardware, software, and commercial training services have been acquired under the fund to achieve the objectives of the agency-wide security program.

VA is now implementing an enterprise-wide, integrated anti-virus solution that will remove most of the manual intervention that presently plagues rapid distribution of new anti-virus updates to over 150,000 desktops and servers at over 800 locations. Every VA office will be covered under a single and uniform contract and service vehicle for its anti-virus protection.

VA has launched a major contract to develop a certification and accreditation program to bring discipline, formality, and technical excellence to the security planning activities of offices in the design of their systems and applications.

All VA facilities now have access to a single security incident response service to which they may report security incidents and receive advice related to scope, effect, and suggested remedies. National programs in security training and education of computer professional staffs have been launched employing commercial sources of Web-based study curriculums and the satellite bandwidth available through the VA Learning University.

VA fully realizes the value a central security fund gives in allowing the Department to set definite objectives for consistent improvements across all offices. These improvements might otherwise be difficult to achieve due to the variety of viewpoints in program offices and facilities about the importance of security. The fund also achieves efficiencies and increases assurance in controls by performing tasks once and centrally that might otherwise have to be performed repeatedly by multiple program offices or facilities. In the coming year, VA intends to move ahead under this fund with other uniform approaches to intrusion detection technology, public key infrastructure, and other security software solutions.

The VA overall schedule for implementation of the agency-wide cyber security program will remove the identified FMFIA material weaknesses and be compliant with the Government Information Security Reform Act (GISRA) and the Financial Information System Control Audit Manual (FISCAM). The major milestones are as follows:

Milestones	Start		Complete	
	Planned	Actual	Planned	Actual
Operate entity-wide security awareness program	Dec 99	Dec 99	Mar 00	Mar 00
Complete an entity-wide risk management plan	Dec 99	Dec 99	Aug 00	Jul 00
Institute ISO training program	Mar 00	Mar 00	Dec 00	Dec 00
Develop certification and accreditation program	Jan 00	Jan 00	Jan 01	Jan 01
Revamp security policies into usable framework	Jun 01	Jun 01	Jul 02	
Capital Investment Application submission to the Strategic Management Council	May 01	May 01	Sep 01	Sep 01
GISRA report and corrective action plans to Office of Management and Budget	Jun 01	Jul 01	Sep 01	Sep 01

Program Evaluation

Enabling Goal: Create an environment that fosters the delivery of *One VA* world-class service to veterans and their families by applying sound business principles that result in effective communication and management of people, technology, and governance.

Secretary Priority: Apply sound business principles and ensure accountability for performance.

Purpose

Program evaluations are used to assess, develop, and/or update program outcomes, goals, and objectives and to compare actual program results with established goals. Program evaluations assess the accomplishment of general goals and objectives included in the Department's Strategic Plan and contribute to the revision of such goals and objectives. The VA Strategic Plan includes a description of how program evaluations impact the Department's goals and objectives, along with a schedule for future evaluations. Outcome measures identified or enhanced during the conduct of program evaluations are included in annual performance plans and will be used to continually refine the Strategic Plan. VA's goal is to re-evaluate programs on a 10-year cycle.

Program evaluations assess the:

- extent to which program outcome goals are being met and the extent to which current performance affects program outcomes;
- interrelationships between VA programs and other Federal programs to determine how well these programs complement one another;
- needs and requirements of veterans and their dependents in the future to ensure the nature and scope of future benefits and services are aligned with the changing needs and expectations of veterans and their dependents;
- adequacy of outcome measures in determining the extent to which the programs are achieving intended purposes and outcomes.

In addition, program evaluations fill existing data gaps, particularly relating to outcome information that can only be obtained directly from veterans and beneficiaries. These studies also provide an opportunity to objectively and independently analyze VA programs and yield information useful in developing policy positions. Proposals for future benefit packages and improvement in existing programs evolve from the process of evaluating programs.

Methodology

Consistent with legislative intent and 38 CFR §1.15, the Office of Policy and Planning, an organizational entity not responsible for program administration, is responsible for the operational aspects of program evaluation providing an

unbiased, third party perspective. Within VA, most program evaluations are conducted through contracts, which further enhances third-party objectivity. In all cases, the evaluations are managed using a team approach that includes program officials. For each evaluation, an evaluation team develops the statement of work and oversees the execution of the contract. Pre-evaluation planning and post-evaluation discussion of results and related recommendations involve our major stakeholders including OMB, Congressional staff, and veterans service organizations.

Status

The following is a list of program evaluations, by strategic goal:

Strategic Goal: Restore the capability of disabled veterans to the greatest extent possible and improve their quality of life and that of their families.

- Prosthetics and Sensory Aids Program (PSAS) (contract awarded in 2001 and scheduled for completion in 2002)
- Blind Rehabilitation (scheduled to begin in 2002)
- Disability Compensation (scheduled to start in 2003)
- Vocational Rehabilitation (scheduled to start in 2004)

Strategic Goal: Ensure a smooth transition for veterans from active military service to civilian life.

- Home Loan Program (started in 2002 and planned for completion in 2003)

Strategic Goal: Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

- Cardiac Care Programs (scheduled for completion in 2002)
- Non-Service Connected Pension for Veterans and Survivors, and Parents' Dependency and Indemnity Compensation (contract awarded in 2001 with completion expected in 2003)
- Seriously Mentally Ill and Post Traumatic Stress Disorder (scheduled to begin in 2004)
- Spinal Cord Injury (scheduled to begin in 2003)

Strategic Goal: Contribute to the public health, emergency preparedness, socioeconomic well being and history of the Nation.

- Emergency Preparedness (started in 2002)

Budget Account Restructuring

Strategic Goal: Create an environment that fosters the delivery of *One VA* world-class service to veterans and their families by applying sound business principles that result in effective communication and management of people, technology, and governance.

Secretary Priority: Apply sound business practices and ensure accountability for performance.

Performance Goal

Implement the new account structure with the 2004 budget.

Discussion

VA and OMB established a joint working group to identify options for restructuring the Department's budget accounts. The joint VA/OMB working group developed four account restructuring options. Using the best features of each of these options, they proposed a new account structure based on identifying the costs associated with nine VA programs: medical care, research, compensation, pension, education, housing, vocational rehabilitation and employment, insurance, and burial. Medical education, which previously was identified as a separate program, will be included as a subset of the medical care program. We have drafted sample appropriations language based on the proposed account structure. OMB is reviewing the language for appropriateness. Among the benefits of budget account restructuring are to:

- more readily determine program costs;
- shift resource debates from inputs to outcomes and results;
- eventually make resource decisions based on programs and their results rather than on other factors;
- improve planning, simplify systems, enhance tracking, and focus on accountability;
- prioritize capital investments against recurring expenditures.

In January 2001, we met with staff from the Senate and House Appropriations Committees to inform them of our proposal and to get their feedback on its utility. They expressed support for the concept of restructuring and simplifying VA's budget accounts. We will continue to work with our stakeholders in addressing specific implementation issues associated with this proposal.

Core Financial and Logistics System (coreFLS) will support budget account restructuring. CoreFLS will replace VA's core accounting system, Financial Management System (FMS), and up to 33 interfacing applications. CoreFLS will

allow the Department to better align its resources with program activities and improve automated analytical and reconciliation tools. As with the new budget account structure, full implementation of coreFLS is scheduled for FY 2004.

Capital Asset Management

The capital investment process was created in June 1997 to foster a Departmental approach to the use of capital funds and to ensure all major capital investment proposals, including high risk and/or mission-critical projects, are based upon sound economic principles and are fully linked to strategic planning, budget, and performance goals. The Department has demonstrated excellent progress in implementing both the principles and practices of performance-based acquisition management. VA is the first civilian agency to develop an agency-wide capital planning process which allows for investment trade-offs, both among and between, categories of assets, i.e., medical and non-medical equipment, information technology, infrastructure, and leases. The VA Capital Investment Panel (VACIP) makes recommendations to the Strategic Management Council (SMC) on capital investments submitted by the major organizations of the Department. The projects are then submitted to the Secretary's Executive Board for final approval. This final listing of projects is integrated into a unified comprehensive VA Capital Plan consistent with the agency's mission, goals, objectives, priorities, and strategies, and submitted in support of the annual budget request.

Each proposal includes a description of the capital investment and how it supports the Department's strategic goals. Proposals were first validated to ensure the application criteria were adequately addressed prior to scoring. Investment proposals were scored and submitted to the SMC and the Secretary's Executive Board for review and approval. Proposals were evaluated based on the following criteria: customer service, return on taxpayer investment, high performing workforce, risk, special emphasis programs, seismic threat, secretarial priorities, and strategic alignment. The special emphasis program criterion addresses Congressional concern regarding the programs of spinal cord rehabilitation, seriously chronically mentally ill, traumatic brain injury, blind rehabilitation, post-traumatic stress disorder, and prosthetics. The acquisition and use of these capital assets will enhance the Department's ability to attain its strategic goals and perform its mission.

For the 2003 review process, a total of 29 proposals were submitted for review, 23 of which were scored. The following projects have been approved and submitted as part of the budget request for 2003.

Palo Alto Building 2 Seismic Correction

Project Description: This project involves the renovation of Building 2 at the Palo Alto VA Medical Center, a 2-story 77,000 Gross Square Feet (GSF)

inpatient building constructed in 1960. Renovations will include seismic corrections to the entire building, correction of patient privacy deficiencies on one nursing unit in C Wing, correction of fire-safety deficiencies in C Wing, and functional improvements on one floor for the Sierra Pacific Network's Mental Illness Research, Education and Clinical Center (MIRECC). Completion of the project will allow occupancy of the building by three 26-bed psychiatric nursing units as well as the MIRECC offices and dry labs.

2003 Budget Request: \$14,013,000

Palo Alto Bldg. 4 Seismic Consolidated Research Complex

Project Description: This project will renovate Building 4, a 3-story 75,000 GSF research building constructed in 1960. Renovations will include seismic corrections to the entire building, correction of fire-safety deficiencies throughout the building, and functional laboratory improvements in areas formerly occupied by inpatient psychiatric wards. Building 205, a 72,300 GSF building on the Menlo Park Campus will be demolished. Most research personnel, housed in Building 205 will be relocated to Building 4. This includes members of the Geriatric Research and Education and Clinical Center (GRECC), Health Services Research and Development (HSR&D) and the Cooperative Studies Program. Completion of the project will allow consolidation of a large segment of wet and dry lab research programs within a cluster of only two or three major buildings at the Palo Alto campus.

2003 Budget Request: \$21,750,000

Pittsburgh New Cemetery

Project Description: The project will develop approximately 15,000 gravesites for casket interments including 2,500 pre-placed crypts, a 3,000-niche columbarium and 1,000 in-ground sites for cremated remains. This first phase of development of about 80 acres will provide for approximately 10 years of burial, through 2015. In addition to gravesite development, the initial construction is planned to include an entrance area, a flag/assembly area, two committal service shelters, an information center with public restrooms, an administration and maintenance complex, road system, utilities, signage, site furnishings, fencing and landscape plantings.

FY 2003 Budget Request: \$16,400,000

- *Excludes C&P costs for crypts (\$750,000)*

San Francisco Bldg. 203 Seismic Correction

Project Description: This project will seismically retrofit Building 203, a five-story, 335,000 GSF concrete structure, housing all acute care beds at the San Francisco VA Medical Center in order to meet current VA standards for seismic safety. Existing lateral-force resisting elements will be strengthened, supplemental members added, and non-structural systems and equipment braced. Minor functional improvements for patient privacy, disability access,

and building efficiency will be included. Building 203 is ranked number 1 in the Extremely High-Risk list of the VA-Degenkolb Seismic Study.

2003 Budget Request: \$31,000,000

Southern Florida New Cemetery

Project Description: The project will develop approximately 23,000 gravesites for casket interments, 15,000 niches of columbaria and 3,100 in-ground sites for cremated remains. This first phase of 65 acres development will provide burial capacity for approximately 10 years, through 2014. In addition to gravesite development, the initial construction is planned to include an entrance area, a flag/assembly area, four committal service shelters, a public information center with restrooms, an administration and maintenance complex, road system, utilities, signage, site furnishings, fencing and landscape plantings.

2003 Budget Request: \$23,300,000

- *Excludes C&P costs for crypts (\$6,000,000)*

West Los Angeles Bldg. 500/501 Seismic Correction

Project Description: This project involves the seismic retrofit for Building 500 and non-structural seismic corrections to Building 501. Building 500 is comprised of approximately 937,000 GSF and is ranked number seven in the category of Exceptionally High Risk Buildings (EHR) in the seismic study developed by Degenkolb Engineers. The replacement cost for Building 500 has been estimated at \$250,000,000.

Greater Los Angeles Healthcare System (GLAHS) including the West Los Angeles VAMC, has the largest and most diverse patient demographics in the entire VA system. Building 500 provides most of the required inpatient beds, critical care beds and inpatient Operating Rooms for the entire GLAHS which includes: Sepulveda Ambulatory Care and Nursing Home, Santa Barbara Ambulatory Care Center, Bakersfield Ambulatory Care Center, Los Angeles Ambulatory Care Center, and over eight community-based outpatient clinics.

2003 Budget Request: \$27,200,000

Willamette Cemetery Expansion

Project Description: The project will develop approximately 10,000 columbaria niches. In addition to the new columbarium, the project will include the design and construction of the following improvements to the cemetery site: approximately 4,500 pre-placed crypts; drainage improvements; a new public restroom building, and automated gravesite locator to enable weekend access for visitors.

2003 Budget Request: \$8,400,000

- *Excludes C&P costs for crypts (\$1,350,000)*